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THE METHODS AND OPERATIONS OF THE SCIOTO GROUP OF SPECULATORS

When the Rev. Manasseh Cutler went to New York in July, 1787, to negotiate a purchase of western lands for the Ohio Company of Associates he found it difficult to rally a lobby strong enough to effect his purpose. On Friday, July 20, however, Colonel William Duer, secretary to the board of treasury, through whose office¹ the purchase must be made, came to the Massachusetts parson-diplomat "with proposals from a number of the principal characters in the city [of New York] to extend our contract and take in another Company, but that it should be kept a profound secret."²

We have here an introduction to an interesting coterie of American speculators and promoters whose operations, individual, coöperative, and international in scope, throw light upon financing and speculation of those days in the last years of the eighteenth century when the young republic was starting on its course. The record of these operations is to be found, so far as it can be found, in the correspondence of the principals and in such other memoranda as they may have left.³ The study of such material is necessarily difficult; these men were close-mouthed business men; their objects and methods are rarely, if

¹ The second "Board of Treasury," comprising three members, came into existence in May, 1784, after Robert Morris' resignation as superintendent of finance. All powers held by Morris were jointly conferred on this board. A. S. Bolles, *The Financial History of the United States* (New York, 1879), 333-359; D. K. Watson, *History of American Coinage* (New York, 1899), 8-30.

² W. P. and J. P. Cutler, *Life, Journals, and Correspondence of Rev. Manasseh Cutler* (Cincinnati, 1888), 1:295.

³ The manuscript sources referred to in the following pages may be found in the following libraries: Craigie papers, in the American Antiquarian Society; Knox and Pickering papers, in the Massachusetts Historical Society; Scioto papers, in the New York Historical Society; Gallipolis papers, in the Philosophical and Historical Society of Ohio; Barlow papers, in the Harvard College library; Emmet papers in the New York public library; Putnam papers in Marietta College library; the papers of the Continental Congress, in the Library of Congress, and the treasury department manuscripts. The writer is specially obligated to the officers of the American Antiquarian Society for many favors.

ever, stated in writing; adept in the art of communicating unessentials, they are past masters in the art of refraining from writing at all. "I pray you to answer some of my epistles," wrote Christopher Gore to his old friend, Andrew Craigie, playfully, "if you do not I shall conclude you are in love or deep in some political project."⁴ The student must depend partly upon indirect evidence, partly on frank letters written by uninitiated correspondents, and partly upon letters written in moments of anxiety or despair, when caution was forgotten. No examination of a theme based upon such sources can result in more than a report of progress; indefiniteness of information, due to partial destruction of the correspondence, is a difficulty inherent in the subject.

Dr. Cutler knowing little about the enterprising partners who were imposing a new company on him as the condition of his own success, wittingly or unwittingly sounded the keynote of their system of operation when he said that the project must be "kept a profound secret."⁵ By this we are not to believe that Dr. Cutler necessarily meant that the facts must be kept secret because some of these "principal characters," as he calls them, were using public office for private gain, or because they were bent on influencing legislation to fatten their pocketbooks, but because secrecy was the very breath of life to the men of high finance. "They are open with one another," writes Arnold Bennett of the present-day American business man, "as intimates are. Jealousy and secretiveness are much rarer among them than in Europe."⁶ This condition has been a growth since 1787. It would be extreme to say that public credit, private faith, and common honor were lacking in those "good old days," but the reading of several thousand letters of the "principal characters of America" does not tend to decrease suspicion. Injunctions to secrecy and reasons therefor occupy innumerable pages; initials and noms de plume for third parties were equally

⁴ Craigie papers, 2:52.

⁵ Oddly enough, Dr. Cutler's writings do not give us any "unconscious evidence" of what he thought of the New York group with whom he became allied. In one instance he states, as though in excuse, that agreement to the Scioto proposition was necessary to achieve the Ohio Company's object; to a Christian brother he once wrote that he often found himself in "Situations really painful and trying." Cutler, *Cutler*, 1:305, 493.

⁶ A. Bennett, *Your United States* (New York, 1912), 94.

common, and systems of shorthand and formal codes were in use not so much to limit expense as to make correspondence unintelligible to other persons.⁷ Their common use also indicates the erratic and wholly uncertain postal conditions; those who wished to do so could successfully intercept any rival's communications for a time without difficulty. The spying upon the movements of important men, financiers for instance, whose very whereabouts had its significance, was usual.⁸ The modern telegraph and telephone are generally regarded as agents of publicity, but they have also made it possible for men to build around themselves an impenetrable wall of secrecy.

Dr. Cutler was not left long in ignorance of the ability of these "first characters" to carry out their part of the bargain; indeed they turned the tables and immediately put him in the position of one granting favors, not asking them. "He [Duer] explained the plan they had concerted," wrote the doctor in his diary, "and offered me generous conditions if I would accomplish the business for them."⁹ That very afternoon a party was formed for a jaunt to the neighboring hamlet of "Brookline." There in the "Stone House Tavern," after an exceptional oyster dinner, wrote Dr. Cutler, "I spent the evening with Colonel Duer and agreed to purchase more land, if terms can be obtained, for another company, which will probably forward the negotia-

⁷ Aaron Burr's code, mentioned with suspicion in 1806, was learned a generation before while in Princeton. The following code of 1787-1790 improvised by Edward Fox of Philadelphia is interesting if only for giving the words which it was most necessary to keep secret. It is interesting also to note the men for whom code signals were most needed, as Robert Fitzsimmons of Pennsylvania, who introduced Hamilton's funding bill into Congress. It was merely a series of numbers from seven to sixty-eight, omitting ten and forty-eight; if underlined, the number was to be read a number; if not underlined it was to be read as follows:

"7 United States; 8 Individual States; 9 Liquidated debt of U. S.; 11 Foreign debt; 12 Domestic debt; 13 Certificates; 14 Indents; 15 Principal; 16 Interest; 17 Col. Hamilton; 18 Col. Duer; 19 Congress; 20 The Senate; 21 The House of Repre.; 22 The President; 23 Mr. Secretary Leer; 24 Vice President; 25 Robert Morris; 26 Thomas Fitzsimmons; 27 General Knox; 28 Minister; 29 France; 30 Holland; 31 England; 32 Duncan Ingraham; 33 Speculation; 34 Speculator; 35 Buyers; 36 Sellers; 37 Buy; 38 Sell; 39 Specie; 40 Paper; 41 him; 42 his; 43 of; 44 at; 45 to; 46 from; 47 it; 49 and; 50 the; 51 no; 52 yes; 53 will; 54 will not; 55 I; 56 you; 57 they; 58 that; 59 who; 60 letter; 61 their; 62 there; 63 a; 64 is; 65 in; 66 out; 67 which; 68 when." Craigie papers, 2:215.

⁸ The movements of Robert Morris were often watched. Craigie papers, 1:42.

⁹ Cutler, *Cutler*, 1:295.

tions.”¹⁰ Those whom Dr. Cutler thereafter significantly called “my friends” carried to successful issue a resolution through Congress permitting the board of treasury, of which, it will be recalled, Colonel Duer was secretary, to contract with a person or persons for a sale of western lands. A tract containing 1,781,760 acres was sold to Manasseh Cutler, Winthrop Sargent, and associates in the Ohio Company for \$500,000 down and an equal sum to be paid when the survey was completed; and an option on a tract containing 4,901,480 acres was granted to Manasseh Cutler, Winthrop Sargent, and associates to be paid for in six installments.¹¹ The moiety actually paid by the Ohio Company permitted the holders of the collateral option liberal time for payment; of the half-a-million paid by the Ohio Company, \$143,000 was loaned it by Colonel Duer, to be repaid as fast as possible.¹² The stock of the organization holding the option, called by Dr. Cutler the “Scioto Company” and by Colonel Duer the “Scioto Right,” was divided into thirty shares; thirteen went to Cutler and Sargent, and thirteen to Duer, four were by a plan already thoroughly discussed between Cutler, Duer, and Samuel Osgood to be sold abroad.¹³ Each share, supposed to represent 150,000 acres, was really found to represent 163,-382 2/3 acres when survey of the region was finally made.

These facts have often been cited, but never to show the attitude of this particular group of “first characters” toward an inviting scheme of speculation. In the end we find them in possession of an option on over two million acres of admirable western lands and half owner of profits to arise from the sale in Europe of 653,528 acres — at the cost of some wire-pulling and an oyster supper in Brooklyn.

Whatever opinion is held of the methods employed by Duer in originating the Scioto speculation, as a land speculation it held the promise of gigantic returns to the investors. Seldom, if ever, had a land company in our history a legal claim to so

¹⁰ Cutler, *Cutler*, 296.

¹¹ These figures indicate the actual number of acres found afterward to be contained in the boundaries as drawn.

¹² Gallipolis papers, 1:99.

¹³ The subdivisions of stock held by Cutler and Sargent are given in the excellent chapter on “The Scioto Purchase,” in Cutler, *Cutler*, 1: ch. 12. Cf. Gallipolis papers, 1:101 *et seq.*

great an area of equally valuable land; and never did an equal area held by a land company in our history improve in value, as a whole, more rapidly than did these five million acres. Two courses to make the adventure a success were open to those in control: to act either as a holding or as a developing company. In the former case money could be borrowed to make the payments, using the option as collateral; or, the option—or a fraction of it—could be sold outright for money necessary to pay the installments; in the latter case, the company paying one installment could “develop” a proportionate area by selling small tracts to genuine settlers and be morally certain that, in the event of failure to complete payment, title would be given for the fraction paid for, as was the case with the Ohio Company. In any event the Ohio Company, with lands adjoining, would be greatly benefited. Because the Scioto group chose to throw away the opportunity offered by the western land scheme in which they were interested, it is not at all necessary to overlook or deny the rightful interest and expectation the Ohio Company ought to have had and did have in the outcome of an honest and intelligent development of the speculation. The interest of Cutler and Putnam in the Scioto speculation was very great until it was clear that it was only one of a large number of speculations indulged in by Duer’s New York crowd.¹⁴

For our purposes we call these associated men “The Scioto Group of Speculators,” not because any reasonable fraction of their time was given to Scioto land affairs, but because of all their adventures the Scioto speculation alone forced them into the open—into something approximating a formal organization. It is difficult to understand the relation that existed between them. It was as if a dozen or so congenial men had a mutual informal arrangement to act together in a speculative capacity; in one of many phases of activity they were the owners of a Scioto option or “right”; in this capacity they referred to themselves solely as the “Company formed for land speculation.” By a certain fatality they are best grouped and remembered by the name of the speculation to which they were most inattentive and indifferent, but which has enjoyed a romantic notoriety all out of proportion to the attention they gave to it

¹⁴ Cutler to Putnam, 1787-1788, in Putnam papers.

through the coming of the forlorn French founders of the Gal-lipolis settlement on the Ohio River.

The office of Colonel Duer in New York was the center of interest. Closely associated with him were Andrew Craigie of New York and Cambridge, Massachusetts — of Craigie House fame — Royal Flint of New York and Boston, William Constable, Melancthon Smith, Seth Johnson, and Richard Platt of New York, and Christopher Gore and Samuel Osgood of Boston. The connections abroad were with Daniel Parker and Company, and Smith, Wright, and Gray in London; N. and Th. Van Stap-horst and Company in Amsterdam; and the Delasserts in Paris. Geographically, it will be noticed, this group was well distributed. Of the scores of persons involved it is difficult oftentimes to estimate their relative importance; many men were involved as a mere incident in business routine. The principals and chief agents resided at Philadelphia; New York; Boston; Alexandria, Virginia; Marietta, Ohio; and London, Amsterdam, and Paris; the distribution of these centers of interest was sufficiently wide to necessitate a correspondence and permit a cross-fire correspondence. There were regular channels of information; when letters demanding information or explanation went counter to these channel-currents they were not in code and often carried genuine and lively information! Duer, Craigie, and Flint seem to have been regarded as cotrustees of this group of speculators.¹⁵

The relation to the companies of Richard Platt, who was treasurer of both Ohio Company and Scioto trustees, and Melancthon Smith, shown by the Jarvis letters to have been in a position of importance, is difficult to learn in full. That the Ohio Company trustees were responsible parties in the Scioto group speculations is not evident; if Rufus Putnam, for instance, was such he could not have acted as a witness to the Cutler and Sar-

¹⁵ The reasons for believing this are as follows: they signed Benjamin Walker's commission as trustees (Walker's commission, in Scioto papers); Flint wrote Craigie his signature was necessary to the compromise agreement with the Ohio Company (Craigie papers, 2:26); to them, when affairs went well, men wrote for a chance to invest (as Melancthon Smith, *ibid.*, 2:197); to them when affairs went badly many letters were written by factors asking for payment or coöperation (*ibid.*, 2:141 *et seq.*; 3:27-29); Craigie called himself a trustee (*ibid.*, 1:23); in the records of the Ohio Company, Duer, Flint, and Craigie are usually termed "Trustees to the Proprietors of the Scioto Lands." *Ibid.*, 1:23.

gent-Barlow transfer, as the original proves he did.¹⁶ Whatever division Dr. Cutler may have made of the Scioto shares that were turned over by Duer to him, the correspondence of the trustees involves no member of the Ohio Company in any of the purely speculative enterprises of the Scioto group; the Ohio Company shareholders are mentioned only when aid is needed on the frontier or in connection with compromise settlements with that company.¹⁷

It has been loosely said that lands offered practically the only field of speculation during the eighteenth century; the circle of men here treated, or circles within the circle, were at all times speculating in lands but their principal activities were in other fields. Duer, Craigie, Flint, Smith, etc., were "in" on the Scioto deal; Smith and Craigie were active in promoting the Phelps and Gorham purchase;¹⁸ Duer, Johnson, and Flint were concerned with General Knox in the Duer-Knox Maine land purchase; Duer, Craigie, Platt, and others were interested, it is said, in a Wabash land scheme;¹⁹ Craigie was, alone or in partnership, offering Susquehanna lands to Brissot; Parker, Duer, Jarvis, and others were engaged in a Cap au Gris speculation. These are a fraction of the land schemes that occupied the attention of the group. But their correspondence deals largely with speculation in the domestic and foreign debt, in state debts, in Pickering notes, new emission money and treasury warrants, in loan office certificates, in the notes of hand of firms and individuals, in wager stock (modern gambling on margins), in continental certificates, and, most lucrative of all, in claims of individuals and firms against the United States, and United States claims against firms and individuals. These claims by regular routine came through the board of treasury; we have already seen the active interest of two members of that board, Duer and Osgood, in the Ohio Company case; we have full evidence con-

¹⁶ Transfer of November 26, 1787, in Putnam papers.

¹⁷ Ohio Company Journal, January 4, 1792, in Putnam papers. The Rhode Island contingent in the Ohio Company made the Scioto speculation an uncomfortable subject of debate for Dr. Cutler in the meetings of the Ohio Company directors. Twenty-nine votes out of six hundred and fifty were cast in opposition to the ratification of the sale to Duer and friends. *Ibid.*, 101.

¹⁸ Craigie papers, 2:38.

¹⁹ Cutler, *Cutler*, 1:498 n.

cerning other measures which passed directly from the board of treasury to the group in question.

The group had strong foreign alliances. Before the Ordinance of 1787 or the Constitution of the United States went on the statute books, Andrew Craigie had sailed for London to strengthen Duer's connection with the Parkers. A letter to Duer in August, 1787, soon after arriving in England, illustrates some of the peculiarities of the relation which existed between business associates of that day. It is difficult to determine how much of the letter, if any, is code; the attitude of the writer is characteristic of a time when secretiveness and jealousy were as common in business as in politics; we learn elsewhere that at the moment of writing Craigie was playing a studied rôle.²⁰ Parker was ultimately proved to be as tricky as either Duer or Craigie.²¹ "My conversation with Mr. P.," wrote Craigie, "has as yet been only general but he has promised to make me acquainted with his affairs and to advise with me in his Measures. I believe I have satisfied him that your interest and his are clearly connected and he appears perfectly disposed to avail himself of the advantages which a good understanding with you w^d give and to enter into such engagements as will be satisfactory to you. I hope you have written to me fully respecting the several objects of speculation which we have so often conversed on. You and I have gone some great lengths in giving each other proofs of Confidence and I do not believe either of us will ever have occasion to repent it. I do not pretend however to be answerable for the success of my conduct but only for the principles which govern it, these being always consistent with the assurances I have made you will secure me your friendship whatever be the event of your Operations. . . . Do, my friend, devote as much of your time as you can possibly spare to the Object we have in view. . . . It will be best that no one know of my writing to you nor of the prospect of a union between you and Mr. P.—let silence cover all our transactions—depend on hearing from P. by the very next vessel—pressing business will prob-

²⁰ Craigie to Brissot, October 6, 1790, in Scioto papers; Craigie papers, 1:11. Here Craigie states that he encouraged "the concern" to strengthen his union with Duer. See Craigie to Duer, A. B. Hulbert, "Andrew Craigie and the Scioto Associates," in American Antiquarian Society, *Proceedings* (new ser.), 23: pt. 2, p. 222.

²¹ Brissot to Duer, April 28, 1789, in Scioto papers.

ably prevent him from writing by this opportunity and he wishes to write fully and clearly. . . . Do not let him Ingraham or Joy know I have written you. . . . It would be well and indeed have a very good effect were you to get Mr. King and Col. Hamilton to write a friendly letter to D. P. . . . expressing in a strong manner their friendship for you.”²²

Daniel Parker’s acquaintance with the group antedated the coming of Phineas Bond, “Consul and Superintendent General of the Commercial Affairs of Great Britain” in 1786, who brought a letter of introduction from Parker to Craigie.²³ Parker, with Duer and John Holker, consul general for France during the Revolution, formed a business partnership. Parker’s relations to Duer at the present moment were important since it was through Parker that Brissot de Warville, the French statesman, financier, and author, came to America with introductions to the Scioto speculators in whose operations he and Etienne Claviere afterwards joined.²⁴ It is not known how intimate Brissot became with the Scioto group, but they were successful in keeping him from the rival Morris group.²⁵ In October, 1788, Gouverneur Morris, on the point of sailing for Europe on a mission concerning the French debt and to sell lands,²⁶ approached Duer with a proposal of alliance. According to a letter from Craigie to Parker, Duer replied that he was “engaged with Brissot and ourselves.” It is possible that Duer’s best asset was his influence over the French statesman whose power at home the Scioto group were only too glad to monopolize. The transfer of the French debt was a shining mark before the eyes of all speculators of that day; as we shall see, it was current rumor on Broadway that the Morris’ with Madison were now interested in the speculation contingent on Jefferson’s plan to transfer the debt.²⁷

The association formed by some of the Scioto group for the special accommodation of Brissot and Claviere is fortunately

²² Craigie to Duer, August, 1787, in Scioto papers. Craigie left securities for Parker to sell. Craigie papers, 3:111.

²³ *Ibid.*, 110.

²⁴ *Ibid.*, 1:25 *et seq.*

²⁵ *Ibid.*, 28.

²⁶ W. Maclay, *Journal, 1789-1791* (E. S. Maclay, ed.—New York, 1890), 401.

²⁷ Craigie papers, 1:20-22. Our foreign debt was \$11,710,378, most of which was owed in France.

preserved to us in letters written to Craigie and others by Brissot's relative, Francis Dupont, and replies to the same.²⁸ The objects of the speculation were: land speculation, transfer of the foreign debt, investments in the domestic debt, and securing loans abroad needed by the United States government.²⁹ The coterie purchased \$109,350.00 worth of liquidated United States debt to be sold on joint account of Claviere, Brissot, Duer, and Craigie.³⁰ Brissot returned to France in December, 1788, evidently full of the French debt project, carrying a letter to Parker to assure him that Brissot had been given enough knowledge to prevent any union with the Morris party;³¹ the writer also added that Brissot would prove a great help in settling arrangements for the company which was to purchase lands in the United States and exchange them for United States debt or for loans in Europe.³² The connection of Brissot with the Scioto project itself is not clear; he speaks of an Illinois land scheme;³³ if by that he means the Scioto project, then he was a party to that speculation; at any rate he took some shares in a land company which he and Claviere attempted to use as collateral but which were repudiated by the banks as no title to the land was shown.³⁴ It might be inferred, without any great shock to one's conscience, that the American partners paid for their share in Scioto stock; the entire correspondence under review does not show what other land company stock Brissot could have used as collateral. A lack of clear title to assets was the constitutional weakness of this whole group of speculators and is given as the reason of the ultimate failure of Duer, Flint, Platt, and Craigie.³⁵

One-tenth of the stock in the above-mentioned Brissot-Claviere-Duer-Craigie deal was held in the United States, of which Duer and "a friend" had one-fifth part.³⁶ Brissot found Par-

²⁸ Craigie papers, 1:25, 32.

²⁹ *Ibid.*, 33. There were other purposes which could not be stated in a letter!

³⁰ Statement, of 1788, in Scioto papers.

³¹ Craigie papers, 1:28.

³² *Ibid.*, 27.

³³ Brissot to Duer, January 31, 1789 in Scioto papers.

³⁴ Maitland to Brissot, February 10, 1789, in *ibid.*; Craigie papers, 2:55, 89, 158.

³⁵ *Ibid.*, 3:75.

³⁶ *Ibid.*, 1:28. Christopher Gore was evidently "the friend" in this particular phase of the Scioto group formation. He wrote Craigie in April 1789: "I hope no . . . demur will attend Warville's bill—if there should my reputation and property will be greatly injured." *Ibid.*, 2:55.

ker, who met him at Dover, in favor of an organization on conditions, as was Van Staphorst at Amsterdam. Parker "confessed to me," Brissot wrote Duer, "that some while ago he jointly with M. Laurent le Covteulx [?] had given a plan to Mr. Meeker to get that transfer . . . he did not give to me any details about it. I told him there was another plan for redeeming that debt, formed by Mr. Claviere, approved by you, from which immense advantages might derive to the Society which should carry it into execution — that we were determined to apply to the French Court, but that we might suspend our application on the condition that, if Mr. Parker obtained the transfer from the Ministry, he should enter into a general Association with us and on equal footing, that he should bind himself by writing — he agreed, but as the consent of M. Le Covteulx [?] is required, we are to settle with him that ground [?] The Minister probably on account of his various pressing affairs has not yet given any answer . . . as to the loan — Mr. P. told me that it could not be placed [?] but in Holland, that he did not see any difficulty to succeed, if, chiefly, the new Congress looked determined to appropriate to the payment of the interest a part of the impost he is to raise. We have not conferred about the Ill's lands the other matters being much more important."³⁷

Brissot learned in Paris that Daniel Parker was not the kind of man he desired to be associated with, and little or nothing resulted from the large plans developed in New York, London, and Amsterdam. As early as February Craigie was writing Dupont for news from Paris; the explanation undoubtedly appears when Brissot writes Duer in April that Parker had "played many tricks" in Paris and had "created a universal diffidence about the American funds."³⁸

It does not appear that the Morris' were more successful in their operations than the Scioto group and Brissot. Concerning the proposed alliance between the groups Craigie wrote as

³⁷ Brissot to Duer, Paris, January 31, 1789, in Scioto papers. Cf. Morris to Franklin, June 8, 1781, in J. Sparks, *Diplomatic Correspondence of the American Revolution* (Boston, 1829-1830), 11:370.

³⁸ Brissot to Duer, April 28, 1789, in Scioto papers. Previous to this the only criticism of Parker noted in the correlated correspondence was passed by the always clear-sighted Christopher Gore who wrote Craigie, November 16, 1788, that he thought Parker had too long use of American funds. Craigie papers, 2:75; cf. Miers to Brissot, November 2, 1790, in Scioto papers.

follows to Parker: "D. related to us what had passed between him and M—— [R. Morris?] by which it appears probable that J—ff—n may have written to M—d—n of Virginia and communicated some plan respecting a transfer of the foreign debt by a fair negotiation of which great advantages may be made; and that M—d—n and M—s may be associated with Gov. — M—s and one or two others for the purpose of the speculation. M—s told D. that if he would be concerned he and his friends should be admitted on equal terms and that the field was amply sufficient for a good number."³⁹

Brissot did not at first push the land speculation, "other matters being so much more important,"⁴⁰ deferring action in favor of the transfer negotiation on which he became active because of the "distressed" condition of the French minister of finance of which he hoped to take full advantage.⁴¹ It is possible that the Illinois lands which Brissot was to negotiate may have reference to the Wabash scheme before mentioned;⁴² or it may have been the Cap au Gris scheme, soon to be mentioned. Whatever it may have been — and there was nothing supernatural in the ideas these men had of American geography — Brissot was urging people to invest in a land concern other than the Scioto Company. His death cut short his work.⁴³

As noted, the correspondents of the Scioto group in Amsterdam were Nicholas and Thomas Van Staphorst and Company. The hope of obtaining a loan for the United States or on the Scioto "option" centered in Holland and never seems to have been realized though Brissot, Walker, Parker, and Barlow attempted the negotiation at different periods. In December, 1788, Craigie sent the Van Staphorsts certificates for seventy thousand dollars, a sum which shows the size of their largest transaction. Moreover, it is noteworthy that the group took interest in the appointment of the United States minister to Holland. One report in November, 1788, was that Melancthon Smith would receive the appointment.⁴⁴ His intimate connection with

³⁹ Craigie papers, 1:20-22.

⁴⁰ Brissot to Duer, January 31, 1789, in Scioto papers.

⁴¹ Brissot to Duer, January 15, 1789, in *ibid.*

⁴² *Ante*, 508.

⁴³ *Patriote français*, April 29, 1790.

⁴⁴ Craigie papers, 1:24.

the associates began early⁴⁵ and was vital, as shown by the Jarvis letters.⁴⁶ An amusing illustration of the deceptive policies that played a part in the activities of these men occurs in a letter mentioning the coming trip of Gouverneur Morris to Europe; the correspondent is warned not to be misled if Morris should pretend to have the appointment as United States minister to Holland.⁴⁷

In these operations involving foreign correspondents no sign of formal organization of the associates is discovered; as various schemes of speculation are brought to the attention of individual members of the coterie a chemical reaction takes place — a redistribution of interests forming another group within the greater group. If the new scheme demands real money and is risky the "little" men are interested and cajoled; if the scheme is merely one involving margins and big with prospect, the big men only are involved. There is something reprehensibly modern in the way little speculators are led on by favorable reports on speculations that are ready to go by the board; on one day a member of the Scioto group defines a plan to a foreign agent by which "something may be saved" out of the wreck of a speculation, and on the next day writes a stockholder that the business goes on well and hopes it will soon be productive! On the day following he writes another correspondent that the business is going well but that personally he is determined to avoid liability.⁴⁸ Duer abandons the entire Scioto group a little later when he writes General Knox that he gives up that scheme for a Maine land speculation;⁴⁹ he keeps this a secret from all but Seth Johnson and Flint, and makes three hundred per cent in eighteen months — all of which is delightful in the face of Craigie's letter

⁴⁵ Craigie papers, 2:197.

⁴⁶ *Ibid.*, 1:33, 2:55; 3:32.

⁴⁷ *Ibid.*, 1:22. The personnel of the entire new government occupies much space in the letters of the day, especially speculation as to the probable secretary of the treasury and Duer's attitude toward office-holding. John Jay might have been appointed secretary of the treasury, writes Craigie on one occasion; he adds that Hamilton will probably get it, with Duer as his assistant. *Ibid.*, 41; C. A. Beard, *Economic Interpretation of the Constitution of the United States* (New York, 1913), 119; C. R. King, *Life and Correspondence of Rufus King* (New York, 1894-1900), 1:132.

⁴⁸ Craigie papers, 1:64, 65, 66.

⁴⁹ Knox papers, 29:76.

to Duer of August, 1787, previously quoted, which outlines his studious plan to link himself indissolubly to Duer.⁵⁰

[*To be continued*]

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⁵⁰ *Ante*, 509.